

MEMORANDUM

To: **President Barack Obama and the United States Congress**
From: **The Asia-Pacific Strategy Working Group¹**
Date: **June 4, 2013**
Subject: **Securing U.S. Interests and Values in the Asia-Pacific**

In late 2011, the President announced his “deliberate and strategic decision” that “as a Pacific nation, the United States will play a larger and long-term role in shaping this region and its future, by upholding core principles and in close partnership with our allies and friends.”² The Defense Department’s January 2012 Strategic Guidance elaborated that the United States will “of necessity rebalance toward the Asia-Pacific region” by strengthening existing alliances, engaging new partners, and investing in necessary military capabilities.³

Obstacles to America’s “rebalance” toward the Asia-Pacific will include Chinese opposition to U.S. leadership in the region, as well as concerns among our allies about Washington’s commitment to the effort. Both traditional allies and emerging partners in the region are eager to further strengthen relations with Washington. However, there is concern throughout Asia that America’s fiscal crisis and likely defense cuts, as well as the ongoing crises in the Middle East and North Africa, will forestall U.S. efforts to play a greater role in the region.

The President can achieve his goals for the Asia-Pacific only by working with Congress to execute a comprehensive, long-term strategy that (1) **safeguards and expands the free flow of trade and commerce**, (2) **strengthens U.S. ties with allies and partners**, (3) **reinforces our military posture in the region**, and (4) **draws on the full range of our diplomatic and national power**.

I. PROMOTING ECONOMIC INTEGRATION AND LIBERALIZATION

America’s commitment to preserving regional peace and ensuring access to the global commons has provided the basis for the Asia-Pacific’s economic dynamism. But such dynamism can be sustained only through greater economic integration and liberalization. It would be disastrous if the economic order that we underwrite with our military and diplomatic power erodes, rather than strengthens, our interests and principles in Asia, particularly to the disproportionate benefit of a regional competitor. U.S.-led economic integration and liberalization will not only increase the access of American businesses and investors to foreign markets, but also bring allies and partners in the region closer to the United States. The working group therefore recommends that the United States:

¹ The Asia Strategy Working Group is composed of Dan Blumenthal, Ellen Bork, Jacqueline Newmyer Deal, Christopher J. Griffin, Randall G. Schriver, Gary J. Schmitt, Mark Stokes, and Robert Zarate.

² President Barack Obama, “Remarks to the Australian Parliament,” Office of the Press Secretary, the White House, November 17, 2011, at <http://www.whitehouse.gov/the-press-office/2011/11/17/remarks-president-obama-australian-parliament>.

³ U.S. Department of Defense, “Sustaining U.S. Global Leadership: Priorities for 21st Century Defense,” January 2012, at http://www.defense.gov/news/defense_strategic_guidance.pdf.

(1) Conduct a comprehensive review of the Asia-Pacific's landscape for growth in trade and commerce. This review should identify opportunities to expand bilateral trade that complement the ongoing negotiations toward the multilateral Trans-Pacific Partnership (TPP) accord, described further below. In particular, the United States should examine the options of pursuing free-trade agreements (FTAs) with advanced economies like Japan and Taiwan, as well as bilateral investment treaties with such emerging economies as Indonesia and India. In addition to building a framework of complementary efforts around the TPP, this review should identify alternative strategies in case TPP negotiations face delays.

(2) Complete the Trans-Pacific Partnership accord, a regional free-trade agreement that aims to eliminate barriers to trade and investment. Prime Minister Shinzo Abe's March 15 announcement that Japan would join the United States and 10 other partners to negotiate a Trans-Pacific Partnership has dramatically raised the stakes for this effort.⁴ Japan's total gross domestic product equals that of all our other TPP negotiating partners combined, and its participation will dramatically enhance the value of this agreement as a force for economic liberalization and integration in the Asia-Pacific.

The TPP negotiations seek to reach an agreement to eliminate all tariffs against member states over a decade and to encourage private-sector initiatives by reducing support for state-owned enterprises. In addition to reaching an agreement before the end of 2013, the United States should:

- *Use negotiations for a free-trade agreement between the United States and the European Union to create incentives for TPP countries to accelerate negotiations.* Progress on the U.S.-E.U. FTA would create a new sense of urgency for our negotiating partners to utilize the TPP as a bridge to the U.S. and E.U. markets, which together account for 54 percent of global GDP.
- *Make clear that additional international partners also will be welcome to accede to the TPP after it enters into force.* The TPP is meant as an inclusive—not exclusive—agreement that provides a building block for the creation of free-trade area in the Asia-Pacific region. In particular, the United States should find a pathway for Taipei to accede to the TPP in light of Taiwan's critical role in the global supply chain.

(3) Reinvigorate the U.S.-Indian strategic partnership by gradually working toward a bilateral free-trade agreement. Trade between the United States and India is expected to surpass \$100 billion for the first time in 2012, and U.S. exports to India have quadrupled in just 10 years. But India's economy is slowing, and two-way trade with the United States is well below its substantial potential. The United States should build on this growing relationship by concluding negotiations on a bilateral investment treaty and other smaller, sector-specific free-trade agreements with India.

⁴ The original parties to TPP negotiations were Australia, Brunei, Canada, Chile, Malaysia, Mexico, New Zealand, Peru, Singapore, and Vietnam.

II. STRENGTHENING ALLIANCES AND SECURITY PARTNERSHIPS

The United States must continue to support a more “networked” approach toward its allies and partner states. This approach will require continuing efforts by the Bush and Obama administrations to expand on the traditional “hub-and-spoke” approach to regional alliances by developing broader arrangements among our allies and security partners in Asia. The working group recommends that the United States:

(1) Continue “mini-lateral” dialogues with key partners to further common interests and values in the region and expand cooperation beyond traditional partners. Mini-lateral dialogues, which bring together a small number of countries to tackle discrete issues, are an essential tool for breaking down long-standing barriers among our various allies and partners, and can be used to address both traditional security concerns and transnational issues like energy security, piracy, and global health. For example, the Obama administration has held trilateral discussions among the United States, Japan, and South Korea; the United States, India, and Japan; and the United States, Australia, and Japan. These talks could be strengthened by utilizing the formal processes of our bilateral alliances, such as the so-called “2+2 meetings” among our senior-most foreign policy and defense officials, to support regular trilateral meetings.

(2) Continue to strengthen America’s traditional alliances and security partnerships throughout the region. Especially with the election of new leaders in Tokyo and South Korea, there are opportunities to enhance the capabilities of these keystone alliances, along with our partnerships with Australia, Singapore, and Taiwan, and to develop new partnerships with other nations in the region.

- *Examine how Japan’s military realignment fits into—and could better advance—the collective security objectives of America’s rebalance to the Asia-Pacific.* Critical steps will include working to strengthen the defense of Japan’s southern island chains, bolstering cooperation between South Korea and Japan, and working with Japan to ease traditional restrictions on defense industrial cooperation and collective self-defense operations.
- *Develop ever-greater military capabilities in cooperation with South Korea.* The recent North Korean nuclear and long-range missile tests demonstrated Pyongyang’s growing threat in the Asia-Pacific and beyond. This threat is exacerbated by the danger that North Korea could pursue one-off attacks similar to the March 2010 sinking of the *Cheonan*, a ship in the Republic of Korea Navy, and the November 2010 shelling of Yeonpyeong Island, which together claimed 50 lives. We must ensure that the United States and South Korea have credible options and control the ability to escalate in response to any future attacks.

(3) Advocate for a more “networked” coalition approach that breaks down barriers to intelligence sharing and policy coordination among our Asian allies and partners. The intelligence-sharing agreement negotiated between South Korea and Japan last year was an important example of what could be done in this area, and its postponement was a

disappointment. Washington should offer its assistance to facilitate further cooperation in the future.

(4) Coordinate arms sales and defense industrial cooperation among our allies and security partners to develop complementary capabilities and joint interoperability for future operations.

- *Assist Asian allies and partners to be able to increasingly protect their own air and sea spaces.* The United States should encourage major allies to acquire needed intelligence, surveillance, and reconnaissance (ISR) systems, and other partner states to create ISR consortiums to bolster capabilities through pooled resources.
- *Assess how we, along with Australia, Japan, and our other more capable military allies, can better coordinate security assistance for emerging partners that cannot afford the most advanced equipment.*
- *Conduct an internal assessment of how U.S. export controls can be realigned to better advance the strategic goals of the United States, and its allies and partners in Asia, by moving more quickly and competitively to equip our friends with defensive weaponry.*

(5) Explore options for additional basing or access arrangements in the Asia-Pacific, especially around the strategically and economically important South China Sea.

- *Explore increased-access arrangements with the Philippines.* Manila once hosted America's Clark Air Force Base and Subic Bay Naval Base, and recently signaled its openness to more troop rotations, joint military exercises, and port visits.
- *Initiate discussions on access arrangements with Vietnam, with its strategically located Cam Ranh Bay, and Indonesia, which needs assistance in safeguarding the maritime security of its 18,000 islands.* In exchange for increased access, the United States can offer, among other incentives, to help these allies and partners acquire improved ISR capabilities and develop better maritime situational awareness.

III. REINFORCING OUR MILITARY POSTURE IN THE ASIA-PACIFIC

China's military modernization program—now two decades old—has increasingly complicated the exercise of American military dominance in East Asia. This erosion in the balance of power puts at risk American security guarantees and, in turn, the peace and stability of the region. To address this challenge, the working group makes the following recommendations:

(1) Allocate additional military resources and investments to meet the increased security challenges of the Asia-Pacific region. It is essential that the President and Congress work together to reverse the draconian sequester cuts mandated under the *Budget Control Act of 2011*. That said, because the U.S. military does not possess unlimited resources, it should look to invest in areas of competitive advantage and compel would-be aggressors to spend their own limited resources—unproductively or less productively—in areas of comparative disadvantage.

(2) Develop and deploy capabilities that allow the United State to balance presence, which is essential for reassuring our allies and partners, with survivability, which is essential for successful military operations in light of the anti-access capabilities being fielded by China. The President’s initiatives to realign U.S. forces in the Asia-Pacific, including a rotational presence in Australia, will reassure our partners that the United States will remain in the region despite emergent anti-access threats. However, rotational forces are not enough to keep the peace in Asia. “On station” forces are still critical. It is essential that we maintain and harden our presence in such front-line countries as South Korea and Japan, even as strike and expeditionary forces are distributed throughout the region.

(3) Strengthen our ability to hold at-risk land- or sea-based targets by keeping our commitment to fifth-generation stealthy aircraft, investing in a next-generation bomber, continuing development of unmanned carrier-launched airborne surveillance and strike (UCLASS) platforms, as well as a stealthy cruise missile known as the long-range anti-ship missile. Of particular importance is neutralizing any opponent’s potential for air and missile strikes; its integrated air defense systems (IADs); its command, control, communications, computers, intelligence, surveillance, and reconnaissance (C4ISR) assets; and its bases and ports.

(4) Increase investments in undersea warfare. America’s navy holds a critical competitive advantage in undersea warfare over potential adversaries. This advantage should be maintained and built upon, but is at risk as the attack submarine (SSN) force faces a future shortfall in numbers due to the failure of the current shipbuilding plan to keep up with planned submarine retirements. To enhance both the deterrence value and war-fighting capabilities of the SSN force, the Obama administration and Congress should consider procuring future SSNs with expanded, large-diameter, vertical launch tubes—potentially increasing SSN strike capacities by some 75 percent.

(5) Continue acquiring better and more survivable C4ISR capabilities. Potential aggressors are exploring ways to frustrate America’s C4ISR capabilities, so it is critical that the U.S. military work to develop improved C4ISR capabilities that are resilient and, to the extent possible, capable of being quickly reconstituted.

(6) Explain the strategy that drives the operational concept of AirSea Battle to allies and partners, and assist Japan, Australia, and other allies in establishing analogous or complementary AirSea Battle offices. Any major conflict in the Asia-Pacific region will almost certainly involve not only the United States but also long-standing allies. As such, it is important that those allies both understand American military operational concepts and plans and, to the fullest degree possible, improve their respective abilities to partner with the United States in carrying out those plans.

(7) Continue to field credible strategic nuclear forces and both theater-level and national-level ballistic missile defense (BMD) capabilities against the full range of missile threats emanating from the Asia-Pacific. The Obama administration’s decision to increase the number of Ground-Based Midcourse Defense interceptors from 30 to 44 was a useful step, but one that indicates how quickly the United States may find itself playing “catch-up” in efforts to

defend the homeland against ballistic missile threats. In addition, we should reassess near- and long-term changes to China's nuclear forces and doctrine before making any further cuts to the U.S. nuclear arsenal and work with Russia to bring China into any further discussions on strategic arms reductions.

IV. AN ASIA-PACIFIC COMMUNITY

America's increased military, economic, and diplomatic efforts in the Asia-Pacific should be reinforced by a policy framework that seeks to establish a broader consensus among the states of the region on issues such as human rights, good governance, and the delivery of regional "public goods" (such as disaster relief, election monitoring, antipiracy, nonproliferation, and environmental efforts). The Atlantic Charter and the Atlantic Community are strong and relevant guides to the establishment of an Asia-Pacific community. The working group therefore recommends that the United States:

(1) Work with Asia-Pacific partners to create regional institutions or forums that promote the goals listed above. Unlike Europe, Asia lacks a uniting political architecture. But Europe's architecture has not always been in existence and is the product of decades of European and American statesmanship. There are many different Asian forums. The United States should press for strengthening those that are transpacific in nature.

(2) Explore whether the United States and Europe can agree on a transatlantic agenda with regard to the rebalance toward the Asia-Pacific. Although not sharing the same security interests and obligations that the United States has in the region, America's European allies do have considerable interest in seeing that the Asia-Pacific remain peaceful and stable. Given these common interests and the long-standing level of U.S.-European cooperation, an effort should be made to develop an agenda of reinforcing policies toward the region that support the larger goal of establishing an Asia-Pacific community that is liberal and democratic.

CONCLUSION

To be certain, policymakers and lawmakers may face formidable and potentially unforeseen challenges as they attempt to implement a strategy to fully realize America's rebalance toward the Asia-Pacific region. But with patience, persistence, and foresight, the United States can—and will—successfully meet the new century's grand challenges in the Asia-Pacific.